

PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER

PAAB Docket No. 2019-077-00351R

Parcel No. 100/01503-066-000

Alex Van Wyk,

Appellant,

vs.

Polk County Board of Review,

Appellee.

Introduction

The appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on March 5, 2020. Alex Van Wyk is self-represented. Assistant Polk County Attorney David Hibbard represented the County Board of Review.

Alex and Sharon Van Wyk own a residential property located at 241 Cottonwood Drive SW, Altoona, Iowa. Its January 1, 2019, assessment was set at \$273,700, allocated as \$46,600 in land value and \$227,100 in building value. (Ex. A).

The Van Wyks petitioned the Board of Review contending their assessment was not equitable as compared with assessments of other like property. Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review denied the petition. (Ex. B).

Alex Van Wyk then appealed to PAAB re-asserting his inequity claim, and now asserts there is also an error in the assessment. § 441.37(1)(a)(4) (2019).

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act

apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code R. 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it. § 441.37A(3)(a); see also *Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a one-story home built in 2005. It has 1776 square feet of gross living area; a full, unfinished basement; a deck; and a three-car attached garage. The improvements are listed in normal condition with a 2-05 (high quality) grade. The site is 0.231-acres. (Ex. A).

Alex Van Wyk testified the subject property was built by Star Homes of Iowa in 2005 with a practical design and average materials. It does not have high-end finishes, like granite countertops, and lacks basement finish. He also notes they have made no upgrades to the home since purchasing it in May 2006 for \$249,030. Van Wyk acknowledged he challenged his 2017 assessment. At that time, the Board of Review changed his grade from a 2+00 to a 2-05.

Van Wyk contends his property is still inaccurately graded and should be graded 3-05. In support of his claim Van Wyk relies upon Section 3 of the 2008 IOWA REAL PROPERTY APPRAISAL MANUAL (MANUAL). (Ex. 6). Based on his interpretation of this section, Van Wyk believes property is incorrectly listed as a 2-05 (high quality) grade.

Van Wyk submitted five properties he believe are similar to his and asserts these support a lower grade. The properties are summarized in the following table. (Exs. 2-5, 7-8, & 10-11).

Comparable	Year Built	Gross Living Area (SF)	Basement Finish	Grade	Original Sale Date	Original Purchase Price	Assessed Value
Subject	2005	1776	None	2-05	May-06	\$249,030	\$273,700
1 - 1208 Falcon Dr	2004	1746	1150 Avg+	3-05	Aug-04	\$206,270	\$238,200
2 - 2003 3rd Ave SE	2004	1769	None	3-05	May-04	\$198,870	\$240,900
3 - 2007 3rd Ave SE	2004	1833	None	3-05	Jun-04	\$189,900	\$243,800
4 - 1700 2nd Ave SW	2007	1500	800 Avg+	3+10	May-08	\$214,920	\$276,200
5 - 937 Falcon Dr SE	1999	1610	1200 LQ	2+10	Mar-00	\$249,000	\$314,100

Van Wyk listed Comparables 4 and 5 on his petition to the Board of Review, but his testimony focused on Comparables 1, 2, and 3, which were submitted in the appeal to PAAB. For this reason, we will forgo a detailed analysis of Comparables 5 and 6; however, we note much of the same observations and comparisons of Comparables 1, 2, and 3 to the subject also apply to Comparables 4 and 5.

All of the sales are one-story homes like the subject property. Comparable Sales 1, 2, and 3 were all built by Star Homes but are located between roughly 0.5 to 1.5 miles away from the subject property. (Exs. 2, 4, & 7). The other comparables were constructed by different builders.

Van Wyk testified Comparables 1, 2, and 3 are “essentially identical” to this home yet all have a lower 3-05 grade resulting in a lower assessed value. Van Wyk acknowledged he has not been in any of the other homes. Based on the average 2019 assessed values of these three comparable properties, Van Wyk believes his property should have a 3-05 grade resulting in a correct and equitable assessment of \$240,666 for his home. (Ex. 9).

The Board of Review noted Van Wyk paid more for the subject property in 2006 than the value he seeks for the 2019 assessment. In response, Van Wyk testified he believes values have declined since they purchased their home. Only Van Wyk's

Comparable 3 recently sold in January 2018 for \$240,000; it was assessed for \$243,000 in 2019. Comparable 4 sold in September 2017 for \$257,500; which was higher than its previous sale price in 2014 and original sale price in 2008. Comparable 5 sold in April 2017 for \$277,000, which was also more than its original sales price in 2000. (Exs. 7, 10, & 11). The Board of Review also submitted several comparables. 1618 3rd Ave SW sold in July 2019 for more than its previous sale prices in 2015 and 2006; 217 Cottonwood is the only property in the record whose sale price decreased between the original purchase price in 2006 and subsequent sale in 2007. This evidence does not support Van Wyk's assertion the residential market has been in decline.

Polk County Chief Deputy Assessor Amy Rasmussen testified regarding grading and the MANUAL. Van Wyk reviewed a general description of grading in Section 3 of the Manual. More specific information regarding residential grading can be found in Section 7 of the MANUAL. IOWA DEP'T OF REVENUE, 2008 IOWA REAL PROPERTY APPRAISAL MANUAL, Section 7, *available at*

<https://paab.iowa.gov/sites/default/files/documents/2020/01/7residentialsection.pdf>.

Section 7 of the MANUAL describes each residential grade as follows:

2 GRADE This also is usually an architecturally designed, custom built home with good materials and workmanship. Very similar to a 1 grade home, but on a more conservative scale. This is a more practical home than a 1 grade home, having more than sufficient plumbing fixtures. Likewise, there is good heating and electrical service. Interior finish will be of plaster or drywall with good trim. Kitchen will have built-in features with more than adequate cupboard space and countertops. Bathrooms and toilet rooms will usually have good quality fixtures. This is an excellent home but not as pretentious as a 1 grade. (MANUAL 7-11).

3 GRADE A 3 grade dwelling is generally a custom or speculation home lacking architectural frills but basically of good practical design and layout. Workmanship and materials are barely above an average type home but it will have some extra design and special features not found in the average home. It will normally have good drywall or plaster walls, hardwood floors (or wall to wall carpeting), and also better than average kitchen cabinets, plumbing facilities, and closet space. *This is often referred to as an*

intermediate grade because it will be a 2 grade design and layout but 4 grade workmanship and materials. [Emphasis added]. (MANUAL 7-14).

The Board of Review noted that Van Wyk's Comparables 1, 2, and 3 had original sale prices between roughly \$190,000 and \$206,000 compared to the subject property purchase price at approximately \$249,000.

In contrast, the Board of Review submitted five one-story properties all built by Star Homes of Iowa and located next door, across the street, or on the same street as the subject property. (Exs. D-H). The following table is a summary of the Board of Reviews comparable properties.

Comparable	Year Built	Gross Living Area (SF)	Basement Finish	Grade	Original Sale Date	Original Purchase Price	Assessed Value
Subject	2005	1776	None	2-05	May-06	\$249,030	\$273,700
A - 1500 3rd Ave SW	2005	2106	None	2+00	Oct-05	\$251,390	\$317,100
B - 1618 3rd Ave SW	2005	1808	1066 Avg +	2+00	Jul-06	\$234,900	\$325,100
C - 201 Cottonwood Dr SW	2005	1797	None	2+00	Oct-05	\$253,420	\$308,800
D - 217 Cottonwood Dr SW	2005	1857	None	2-05	Mar-06	\$244,900	\$290,100
E - 220 Cottonwood Dr SW	2005	1774	None	2+00	Oct-06	\$239,900	\$286,000

With the exception of Comparable D, these nearby similar homes are graded slightly higher than the subject property, in part because the subject's grade was lowered by the Board of Review in 2017. All of these comparable properties had an original sale price in line with Van Wyk's purchase price.

Van Wyk was critical of Comparable A because it is larger than his property, and Comparable B because it has basement finish whereas his property does not. While those observations are true, we also note these properties' assessments, roughly \$43,000 and \$51,000 higher than his property, would appear to reflect those differences.

Rasmussen explained that even though three of Van Wyk's comparables were built by Star Homes, in her opinion, it is not unusual for builders to have different quality construction standards for properties in different developments even if the exteriors

appear to be the same. Although Rasmussen had not viewed the interiors of any of the properties in the record, she believes this assumption is reasonable given the different original sale prices of Comparables 1, 2, and 3, as compared to Comparables A-D.

We note reviewing all of these comparables, and information on the property record cards, there appears to be some difference in the original land sales of the Star Homes ranging from \$35,000 to \$56,710. (Exs. 3, D, & F). These locational differences may have affected the original purchase prices of the improved properties to some degree.

Analysis & Conclusions of Law

Van Wyk contends the subject property is inequitably assessed and that there is an error in the assessment as provided under Iowa Code section 441.37(1)(a)(1 & 4). An error may include, but is not limited to, listing errors or erroneous mathematical calculations. Iowa Admin. Code R. 701-71.20(4)(b)(4). Van Wyk bears the burden of proof. § 441.21(3).

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2018 sales) and assessed values (2019) of comparable properties, the subject property is assessed at a higher proportion of its actual value. *Id.* It is insufficient to simply compare the subject property's assessed value to the assessments of other properties or to compare the rate of change in assessment amongst properties.

Van Wyk asserts his property is not equitably assessed because it was assigned a different grade than other similar style homes built by the same builder as his home. He also asserts this constitutes an error in the assessment.

In total there are eight properties in the record all built by Star Homes. Van Wyk's three comparables are assigned 3-05 grades and are located in different developments 0.5 and 1.5 miles away from his home. He asserts his property should have the same 3-05 grade and a resulting lower assessment.

The Board of Review's five comparables are located in the subject property's neighborhood either next to, across the street from, or on the same street as the subject property. Four of these homes have a slightly higher grade of 2+00 and one has the same 2-05 grade as the subject property; all are similarly assessed to the subject property.

Although the difference in grades between these facially similar properties Van Wyk selected may cause the appearance of inequity, we must conclude the subject property is equitably assessed when compared to the most proximate properties in the record. Additionally, the most recent market-based evidence in the record, the sale of 1618 3rd Ave SW at \$335,000 in July of 2019, suggests Van Wyk's property assessment is reasonable and equitable.¹ This property is slightly larger than Van Wyk's and has basement finish.

The parties primarily focused on the original sale prices of all of the properties, but it appears that other factors, such as land values or time of sale, may have impacted the varying sale prices. Now, however, the value allocated to the land is similar, which may warrant further investigation by the Assessor's Office.

Based on the foregoing, we find the Board of Review's comparable properties are more akin to the subject property and do not indicate there is an error in the listing or that there is inequity in the assessment.

Viewing the record as a whole, we find Van Wyk failed to prove his claims.

¹ Iowa Code section 441.21 requires that a property's assessed value be determined, first and foremost, by sales of the subject property or its comparable properties.

Order

PAAB HEREBY AFFIRMS the Polk County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order² and comply with the requirements of Iowa Code section 441.37B and Chapter 17A (2019).



Karen Oberman, Board Member



Dennis Loll, Board Member



Elizabeth Goodman, Board Member

Copies to:

² Due to the State Public Health Disaster Emergency caused by the coronavirus (COVID-19), the deadline for filing a judicial review action may be tolled pursuant to orders from the Iowa Supreme Court. Please visit the Iowa Judicial Branch website at <https://www.iowacourts.gov/iowa-courts/supreme-court/orders/> for the most recent Iowa Supreme Court orders.

Alex Van Wyk by eFile

Polk County Board of Review by eFile